



DEPARTMENT OF HEALTH & HUMAN SERVICES

Program Support Center
Financial Management Service
Division of Cost Allocation

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New York, New York 10278
PHONE: (212)-264-2069
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March 13, 2003

Mr. Martin Benison
Comptroller
The Commonwealth of Massachusetts
Office of the Comptroller
One Ashburton Place, Room 901
Boston, MA 02108

Dear Mr. Benison:

By letter dated December 31, 2002 your office transmitted proposed Fringe Benefit rates to cover the fiscal year ending June 30, 2004. The proposal, based on actual costs for the year ended June 30, 2002, provided for two rates, i.e., 23.10% applicable to all employees except "uniformed" employees (justices, police, corrections, and parole officers), and 37.93% applicable to uniformed employees.

Based on our review of your proposal, rates of 23% and 38% are approved for the non-uniform and uniform employees respectively, covering the period July 1, 2003 through June 30, 2004. The approved rates include carry-forward amounts of \$15,437,639 for uniform employees and (\$50,448,853) for all other employees. These amounts should be considered when computing rates based on actual cost for the fiscal year ending June 30, 2004.

This approval is based on information provided by the State and is void if the information is later found to be materially incomplete or inaccurate. In addition, this approval is subject to the following conditions with respect to the submission of your next proposal based on actual costs for the fiscal year ending June 30, 2001, which must be submitted by December 30, 2002:

1. The Salary and Wage (S&W) base will include a reconciliation of the amounts per the payroll systems with the amounts reflected in MMARS, which is the basis of the submission.
2. With respect to the Retirement component:

The Commonwealth will submit all actuarial and financial reports prepared, whether they relate to payments to the pension system or actuarially determined amounts;

Mr. Martin Benison


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3. With respect to the Group Insurance component:
 - a. Provide copies of Financial Statements, including expense details, covering the:
 - (1) Rate Stabilization Reserve
 - (2) State Employees' Trust Fund
 - (3) Employee Withholding Trust Fund
 - b. If expenditures noted above are included in the FB proposal, provide a justification.

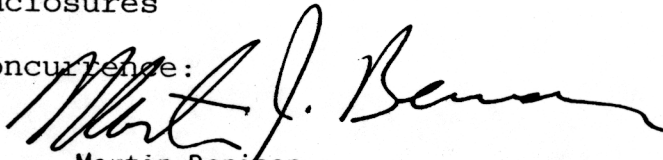
Please acknowledge your concurrence with the comments and conditions cited above by signing this letter in the space provided below and return it to this office. If you have any questions, you may contact John Garraty of my office at (212) 264-4300.

Sincerely,


Robert I. Aaronson
Director, Division of
Cost Allocation

Enclosures

Concurrence:



Martin Benison

Name

Comptroller

Title

May 12 2003

Date